Statement of Chairman Michael C. Burgess, M.D.
Subcommittee on Health
"MACRA and MIPS: An Update on the Merit-based Incentive Payment System"
July 26, 2018

(As prepared for delivery)

Today's hearing is one that has been in the works for quite some time. As many of you know, this hearing has been rescheduled twice, but given that we now have enacted important technical changes; providers having information on their first performance year; and this year's Quality Payment Program Proposed Rule to discuss, I think the hearing will be better for it. So, I am glad we can now complete our due diligence as members of the Health Subcommittee and conduct oversight of the implementation of the Medicare Access and CHIP Reauthorization Act of 2015, also known as MACRA.

MACRA, which I championed through the 114th Congress, is the product of careful, intricate, bipartisan negotiations and passed both chambers of Congress with broad support. It was signed into law on April 16, 2015. Most notably, this bill repealed the sustainable growth rate (SGR) formula for calculating annual updates to physician payment rates under Medicare. We now know the SGR formula which was enacted as part of the Balanced Budget Act of 1997 was a misguided attempt to restrain federal spending in Medicare Part B.

As an OB/GYN prior to coming to Congress, I was overwhelmingly frustrated with the annual exercise of the SGR, as were many other physicians and members of Congress. I would like to take a moment to remind members what the world of physician payments looked like before MACRA.

Congress consistently passed legislation to override the SGR, which resulted in hundreds of billions in spent funds that could have gone to bolstering Medicare and other vital health care programs. Medicare providers, and their patients by extension, were under constant threat of payment cuts under the SGR. The formula's unrealistic assumptions of spending and efficiency have plagued the healthcare profession and our Medicare beneficiaries for 13 years. MACRA finally repealed the SGR, provided for statutory updates to allow improved beneficiary access, and got medicine to concentrate on moving to broad adoption of the unified MACRA quality reporting system.

One of the most important provisions in the law was the shift from a fee schedule system towards the merit-based incentive payment system, or MIPS. The law left behind a pass/fail quality reporting regime whose measures were too often set against a "one size fits all" generic standard of care with no financial upside for providers. Since MIPS is set to go into full effect on January 1, 2019 – the first payment consequence year from reporting provided in 2017 – it is critical that we hold this hearing and assess what is working, how the transition is progressing, and where improvements have been made, while seeking ways to simultaneously encourage stronger participation and reward providers already invested in the MIPS track.

MACRA required the Secretary of Health and Human Services to establish a methodology to assess MIPS-eligible practitioners and give each one a performance score which determines their payments based on a scale of 1 to 100. In the first year, the performance benchmark was set at 3. This year, it was set at 15 and the Centers for Medicare and Medicaid Services recently proposed raising it to 30 for 2019. MIPS incorporated specific performance categories, including, quality, resource use, clinical practice improvement activities, and meaningful use of electronic health records. The eligible population was also set to change over time, and the Centers for Medicare and Medicaid Services recently proposed to add a slate of additional providers to the program.

Overall, stakeholders and physicians have been supportive of the transition to MIPS and to value-based payments. In our third hearing, we heard from providers reaping the benefits and savings by participating in an Advanced Alternative Payment Model. That said, MACRA was not a sprint but a marathon and a viable fee-for-service model, in the form of MIPS, needed to exist. In continuing to follow MACRA implementation, certain decisions were made by the Center for Medicare and Medicaid Services that were for the benefit of a smooth transition, but had consequences that would have affected the agency's trajectory of setting the performance threshold. Given this and other developments, I believed the law would benefit from some technical updates to improve the implementation of MIPS based on real-time factors. The Bipartisan Budget Act of 2018 included three MACRA technical fixes authored by myself along with Ranking Member Green, Representatives Roskam and Levin.

MACRA changed the world of Medicare provider payments as we knew it. It has laid the groundwork for increased access to quality care for beneficiaries by eliminating the uncertainty of the past, reducing physician burden, and providing incentives where there were none. MACRA was never a law that was going to be

fully implemented with a flip of a switch, it was designed as a long term effort to move the Medicare program down the value continuum.

I want to thank all of our witnesses for joining us today. I look forward to hearing from each of you and learning more about how the implementation of this important law is progressing.